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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/348,566	07/07/1999	JAY S. WALKER	WD2-98-120	5411
22927	7590	06/15/2004	EXAMINER	
WALKER DIGITAL FIVE HIGH RIDGE PARK STAMFORD, CT 06905			ZURITA, JAMES H	
			ART UNIT	PAPER NUMBER
			3625	

DATE MAILED: 06/15/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/348,566

Applicant(s)

WALKER ET AL.

Examiner

James H Zurita

Art Unit

3625

MW

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 01 April 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-24, 26-91 and 95-102 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-24, 26-91 and 95-102 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date <u>25</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Response to Amendment

Applicant filed amendment C on 1 April 2004, where he amended claims 1, 62, 95, 101 and 102.

Claims 25, 92-94 have been cancelled.

Claims 1-24, 26-91, 95-102 are pending and will be examined.

Claim Rejections - 35 USC § 103

The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

Claims 1-24, 26-91, 95-102 are rejected under 35 U.S.C. 103(a) as being unpatentable over Scroggie et al. (US Patent 5,970,469) in view of Woolston (US Patent 5,845,265).

Scroggie discloses that buyers may order and purchase products from a seller over a communication network at a first price. See, for example, Fig. 14 and related text, showing buyers purchasing items over a network.

Buyers may take possession of the products at a retailer, different from the seller. For example, see references to buyers designating specific retailers for taking possession of the products, at least Col. 1, lines 35-65.

The retailer may offer the product for sale at a second price, since retailers may offer selected incentives. See, for example, Col. 3, lines 13-39.

Payment for products may take place over the network (see, for example, references to credit cards, check cashing card numbers, in the Abstract, Col. 4, lines 34-50). Payment for products may take place in-store.

Settlement payments to retailers via credit cards and check cashing cards take place over credit card clearing houses, well known to one of ordinary skill in the art at the time the invention was made.

Scroggie discloses subsidies. See, for example, references to rebates, in Abstract, and Col. 7, line 53-Col. 8, line 33.

Scroggie discloses food recipes. Foods are often perishable items, in that they must be consumed before they go bad. Penalties are increased costs to a buyer if he fails to meet certain conditions, for example, failure to pick up perishable food items within a certain period of time. Penalties were well known to those of ordinary skill in the art at the time the invention was made.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to combine Scroggie, Woolston and knowledge generally available to one of ordinary skill in the art.

One of ordinary skill in the art at the time the invention was made would have been motivated to combine Scroggie, Woolston and knowledge generally available to one of ordinary skill in the art for the obvious reason that by providing penalties, sellers can assure themselves that they do not bear the burden of a buyer's delays.

Scroggie does not mention minimum profit or commissions. Woolston discloses profit margins (i.e., maximum and minimum profits), commissions.

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It would have been obvious to one of ordinary skill in the art at the time the invention was made to combine Scroggie, Woolston and knowledge generally available to one of ordinary skill in the art to disclose commissions and profit margins. One of ordinary skill in the art at the time the invention was made would have been motivated to combine Scroggie, Woolston and knowledge generally available to one of ordinary skill in the art to disclose commissions and profit margins for the obvious reason that incentives such as disclosed by Scroggie and Woolston often include multiple ways to stimulate sales.

Response to Arguments

Applicant's arguments filed 1 April 2004 have been fully considered but they are not persuasive.

Applicants purport to traverse several assertions presented by the Examiner:

Request for References

The Examiner has asserted that "Settlement payments to retailers via credit cards and check cashing cards take place over credit card clearing houses, well known to one of ordinary skill in the art at the time the invention was made." Applicants respectfully request a reference to support this assertion.

The Examiner has asserted that "penalties were well known" and also that "by providing penalties, sellers can assure themselves that they do not bear the burden of a buyer's delays." Applicants request a reference to support these assertions and in particular to clarify the precise teachings of the prior art. Further, Applicants request clarification as to which of Applicants' claims are being addressed by these assertions.

The Examiner has asserted, "It would have been obvious to one of ordinary skill in the art at the time the invention was made to combine Scroggie and Woolston to disclose commissions and profit margins. One of ordinary skill in the art at the time the invention was made would have been motivated to combine Scroggie and Woolston to disclose commissions and profit margins for the obvious reason that incentives such as disclosed by Scroggie often include multiple ways to stimulate sales." However, the reason for combining cited by the Examiner, namely that "incentives often include multiple ways to stimulate sales", fails to suggest why a practitioner of the system taught by Scroggie would be motivated to combine Scroggie's system with that of Woolston or vice versa. A specific teaching for the proposed combination is requested. Amendment C, pages 18-19.

A "traverse" is a denial of an opposing party's allegations of fact.¹ The Examiner respectfully submits that applicants' arguments and comments do not appear to traverse what Examiner regards as knowledge that would have been generally available to one of ordinary skill in the art at the time the invention was made. Even if one were to interpret applicants' arguments and comments as constituting a traverse, applicants' arguments and comments do not appear to constitute an adequate traverse because applicant has not specifically pointed out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. 27 CFR 1.104(d)(2), MPEP 707.07(a). An adequate traverse must contain adequate information or argument to create on its face a reasonable doubt regarding the circumstances justifying Examiner's notice of what is well known to one of ordinary skill in the art. In re Boon, 439 F.2d 724, 728, 169 USPQ 231, 234 (CCPA1971).

If applicant does not seasonably traverse the well known statement during examination, then the object of the well known statement is taken to be admitted prior art. In re Chevenard, 139 F.2d 71, 60 USPQ 239 (CCPA 1943). MPEP 2144.03 Reliance on Common Knowledge in the Art or "Well Known" Prior Art. In view of applicant's failure to adequately traverse official notice, the following are admitted prior art:

...Settlement payments to retailers via credit cards and check cashing cards take place over credit card clearing houses, well known to one of ordinary skill in the art at the time the invention was made.

¹ Definition of *Traverse*, Black's Law Dictionary, "In common law pleading, a traverse signifies a denial."

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...Foods are often perishable items, in that they must be consumed before they go bad. Penalties are increased costs to a buyer if he fails to meet certain conditions, for example, failure to pick up perishable food items within a certain period of time.

...Penalties were well known to those of ordinary skill in the art at the time the invention was made.

...by providing penalties, sellers can assure themselves that they do not bear the burden of a buyer's delays.

...incentives...often include multiple ways to stimulate sales.

Applicant's arguments concerning claims 1, 85, 90, 91 and 95 appear to adhere to the following pattern

... Examiner has not shown that any of the prior art of record discloses [recitation of rejected claim and quote from the disclosure].

Scroggie arguably teaches ...[cites from Scroggie]...

Woolston arguably teaches ...[cites from Woolston]...

Scroggie and Woolston do not teach [recitation of rejected claim language]

For purposes of this response, the Examiner has consolidated related arguments.

Concerning claim 1, applicant argues that Scroggie does not teach purchasing products over a communication network:

The Examiner cites Fig. 14 from Scroggie as evidence that "Scram discloses that buyers may order and purchase products from a seller over a communication network at a first price." However, Fig. 14 teaches that a "consumer purchases items during store visits," and that a "consumer makes [a] purchase in [a] store and receives value for [an] incentive", where the incentive is generated by an "on-line system". Clearly, this is not "purchasing products-over a communication network".

Applicant presents a similar argument concerning **claim 95**:

...Scroggie does not teach that a buyer renders any payment through a communication network. Scoggie [sic] only arguably teaches that a "consumer makes a purchase in [a] store" (FIG. 14).

In response to this argument, the Examiner cites particular columns and line numbers in the references as applied to the claims for the convenience of the applicant.

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Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested that, in preparing responses, the applicant fully consider the references in entirety as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the examiner. Please see Fig. 13, which shows purchasing over a communications network called the Internet, item **304**. Therefore, applicant's arguments are not persuasive.

Scroggie does not use the term "seller." A seller is one who offers for sale.² It is well known that manufacturers sell the products they manufacture. Applicant has not argued or shown otherwise. Scroggie discloses a number of entities in commerce, including manufacturers, and various types of retailers. Manufacturers may offer their products for sale to customers. See, for example, at least Col. 3, lines 40-62. Scroggie discloses that buyers may obtain incentives that may be redeemed at local supermarkets. See, for example, at least Col. 4, lines 51-67.

Concerning claim 1, Applicant argues:

... exercising an incentive at a retailer, that is not the provider of the incentive (e.g., a manufacturer), is not the same thing as "taking possession of [a] product at a retailer that is not the seller [of the product]".

... Woolston does not teach "arranging ... for a buyer to...take possession of [a] product at a retailer...", let alone "a retailer [that] is different from the seller." in Woolston the buyer does not ever take possession of anything at a retailer.

[neither] Scroggie nor **Woolston** teach "arranging:--for a buyer to purchase a product from a seller ... and take possession of the product at a retailer..., wherein the retailer is not the seller"

² Definition of *seller*, MERRIAM WEBSTER'S Collegiate Dictionary.

In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). Further, the fact that applicant has recognized another advantage which would flow naturally from following the suggestion of the prior art cannot be the basis for patentability when the differences would otherwise be obvious. See *Ex parte Obiaya*, 227 USPQ 58, 60 (Bd. Pat. App. & Inter. 1985).

Concerning claim 85, applicant argues

... in Scroggie there is no indication that this "purchase incentive data" is processed like a credit card number.

In response to this argument, please see at least references to other types of redemption numbers, including check cashing card, customer loyalty card number, magnetically encoded check, frequent shopping card. Please also see at least Fig. 11 and related text, and references to UPC type 5 code and EAN (European Article Number) type 128 code and coupon sequence number. It is well known that these numbers and the information represented are used at least for accounting purposes and to measure effectiveness of marketing incentives. Please note that applicant's "card authorization terminals" and "...processed *like* a credit card number..." are not part of the rejected claims.

Concerning claim 90, applicant argues:

...Scroggie does not teach "redemption information", because there is no indication that the "purchasing incentive" or anything else in Scroggie represents the right of "the buyer to take possession of a product."

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In response to this argument, please note that the rejected claims do not refer to "...right(s) of a buyer..." For redemption information, please refer to discussion of UPC, EAN codes, above. Incentives such as coupons represent the right of a buyer to take possession of products at prices that may be different from first prices.

Concerning claim 95, applicant argues

...Woolston does not teach "taking possession of [a] product at a retailer" by anyone, for any reason. As discussed previously, the Examiner has not shown that Woolston teaches the following arranging for the buyer to take possession of the product at a retailer that offers the product for sale at a second price...

The Examiner has not demonstrated that any reference of record provides a motivation to combine Scroggie and Woolston in order to teach claim 95. For at least this reason, the Examiner has not met the burden of establishing a prima facie case of obviousness based upon the prior art.

In response to applicant's argument, the fact that applicant has recognized another advantage which would flow naturally from following the suggestion of the prior art cannot be the basis for patentability when the differences would otherwise be obvious. See *Ex parte Obiaya*, 227 USPQ 58, 60 (Bd. Pat. App. & Inter. 1985).

Applicant argues that the Examiner has not made a prima facie case of obviousness in combining Scroggie and Woolston:

Motivation to Combine

The Examiner has not demonstrated that any reference of record provides a motivation to combine Scroggie and Woolston in order to teach claim 95. For at least this reason, the Examiner has not met the burden of establishing a prima facie case of obviousness based upon the prior art. Amendment C, Page 25.

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in

the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, the Examiner provided proper motivation, that incentives include multiple ways to stimulate sales. Applicant has not argued or shown otherwise.

Applicant provides no separate arguments concerning rejections of claims 2-24, 26-61, 62, 63-65, 66-83, 84, 86, 87-89 and 96-100 and appears to rely on purported patentability of their parent claims. Applicant's comments concerning claims 101 and 109, containing identical language, appear to be identical and also appear to rely on purported patentability of their parent claim. As such, Applicant's arguments concerning these claims fail to comply with 37 CFR 1.111(b) because they amount to a general allegation that the claims define a patentable invention without specifically pointing out how the language of the claims patentably distinguishes them from the references.

Conclusion

THIS ACTION IS MADE FINAL. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

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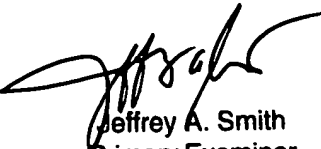
the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James H Zurita whose telephone number is 703-605-4966. The examiner can normally be reached on 8a-5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jeffrey A. Smith can be reached on 703-308-3588. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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James Zurita
Patent Examiner
Art Unit 3625
10 June 2004


Jeffrey A. Smith
Primary Examiner